

ASX Limited
Companies Announcement Office
Electronic Lodgement System

Cleansing Notice – Issue of Convertible Notes and Appendix 3B

1. Cleansing Notice

American Pacific Borate and Lithium Limited (ASX: ABR) (**Company**) gives this cleansing notice (**Cleansing Notice**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as amended by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82* (**ASIC Instrument**) in relation to the Shares to be issued on conversion of the Convertible Notes (as those terms are defined below).

The Company has entered into a secured convertible note deed dated 27 August 2019 with Amvest Capital Mining Opportunities, LLC (**Investor**) (**Note Deed**) under which the Company will issue 2,000,000 convertible notes with a face value of US\$1.00 each (**Convertible Notes**).

The issue of the Convertible Notes, which have an aggregate face value of US\$2,000,000, was completed on 5 September 2019. The debts and monetary liabilities of the Company owed to the Investor in respect of the Note Deed are secured pursuant to the terms of a General Security Deed dated 27 August 2019 between the Company and the Investor (**General Security Deed**).

The net proceeds of the issue of the Convertible Notes will be used to

- (a) pay the price for long lead items relating to the construction component of the Fort Cady Borate and Lithium Project located in Southern California, USA, being the proposed development of the colemanite deposits for the production of lithium and borates on the project site in accordance with the project feasibility and the consequent operation of it (**Project**);
 - (b) working capital payments in respect of, and to obtain, authorisations and licences in respect of the Project; and
 - (c) general working capital,
- (each an **Approved Purpose**).

The Convertible Notes have been issued without disclosure under Part 6D.2 of the Corporations Act. The issue of this Cleansing Notice enables the fully paid ordinary shares in the Company (**Shares**) to be issued by the Company on the conversion of the Convertible Notes on the terms described below, to be on-sold to retail investors without further disclosure.

The Company gives notice that:

- (a) the Convertible Notes were issued without disclosure to investors under Part 6D.2 of the Corporations Act; and

- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act (as modified by the ASIC Instrument).

Neither ASIC nor ASX take responsibility for the contents of this Cleansing Notice. The terms of the Convertible Notes are summarised out in section 4 below.

2. Contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- (a) in relation to the Convertible Notes:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the Convertible Notes; and
 - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Notes; and
- (b) any information that:
 - (i) has been excluded from continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.

3. The effect of the issue on the Company

Attached as Annexure A is a pro forma statement of consolidated financial position of the Company and its controlled entities (**Pro Forma Balance Sheet**) based on the unaudited financial report of the Company and its controlled entities as at 30 June 2019, adjusted to reflect the issue of the Convertible Notes and prepared using the accounting policies normally adopted by the Company.

The Pro Forma Balance Sheet is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Notes may change in the future, for example on conversion of some or all of the Convertible Notes.

The principal effect of the issue of the Convertible Notes on the Company will be to:

- (a) increase the cash reserves of the Company by US\$2,000,000 or approximately A\$2,947,244¹ (before any expenses associated with the issue of the Convertible Notes, including the expenses of the Investor incurred in connection with the issue of the Convertible Notes which are payable by the Company);²

¹ Using an AUD/USD exchange rate on 4 September 2019, being AUD 0.6786/USD and assuming no other Shares are issued prior to conversion.

² Refer to the summary of the conditions precedent in the table in Section 5 for further details regarding the expenses of the

- (b) increase the indebtedness of the Company by the amount of the aggregate face value of the Convertible Notes (US\$2,000,000 or approximately A\$2,947,244³) plus all accrued and unpaid interest, subject to the conversion of any Convertible Notes; and
- (c) as a consequence of the issue of Shares on the conversion of the Convertible Notes, increase the number of Shares on issue and the share capital of the Company, with a corresponding decrease in the indebtedness of the Company.

4. Potential effect on capital structure of the Company

As at the date of this Cleansing Notice, the Company has the following capital structure:⁴

Shares	208,442,224
Unlisted options	45,961,111 (exercise prices between \$0.20 and \$0.50 and expiry dates between 10 August 2020 and 30 July 2024)
Convertible Notes	2,000,000 (convertible into up to 30,000,000 Shares)

The capital structure of the Company will be affected by the conversion of the Convertible Notes which will result in additional Shares being issued and the liability position of the Company decreasing accordingly, as described above in section 3.

The number of Shares that may be issued on conversion of any amounts owing in respect of the Convertible Notes, including principal and/or interest, will depend on the relevant Conversion Price used to calculate the number of Shares to be issued, as described below in section 5. The minimum Conversion Price will be the Floor Price (A\$0.0927), unless an Adjustment Event occurs, in which case the minimum Conversion Price will be the Adjusted Floor Price, being an A\$ amount equal to 90% of the average VWAP of the Shares for the period of 10 consecutive trading days ending on the day before the relevant conversion date. The conversion of the Convertible Notes is subject to a cap of 30,000,000, meaning that the maximum number of Shares that can be issued on conversion of amounts owing in respect of the Convertible Notes is 30,000,00 Shares. If the maximum number of Shares to be issued on conversion of the Convertible Notes were to be issued, this would increase the number of Shares on issue to 238,442,224 (an increase of approximately 14.4% to the current number of Shares on issue).⁵

By way of example only, if the maximum number of Shares were to be issued on conversion of amounts owing under the Convertible Notes at the Floor Price of A\$0.0927, the maximum amount owing in respect of the Convertible Notes that could be converted to Shares would be A\$2,781,000. Amounts owing under the Convertible Notes that are not converted to Shares will be payable by the Company in cash at the relevant time for payment in accordance with the terms of the Note Deed. The Convertible Notes can be converted at any time prior to the Maturity Date at the election of the Investor.

Investor which have or will be reimbursed by the Company.

³ Using an AUD/USD exchange rate on 4 September 2019, being AUD 0.6786/USD and assuming no other Shares are issued prior to conversion.

⁴ Refer to the Company's Appendix 3B included within this cleansing notice for further details of the Company's current share capital.

⁵ Using an AUD/USD exchange rate on 4 September 2019, being AUD 0.6786/USD and assuming no other Shares are issued prior to conversion.

The Convertible Notes were issued under the Company's 15% placement under ASX Listing Rule 7.1. The placement capacity of the Company immediately prior to and following the issue of the Convertible Notes is as follows:⁶

Placement capacity	Immediately prior to the issue of the Convertible Notes	Immediately following the issue of the Convertible Notes
ASX Listing Rule 7.1	31,093,834	1,093,834
ASX Listing Rule 7.1A	20,829,222	20,829,222

5. Rights and liabilities attaching to the Convertible Notes

The following is a summary of the terms of, and rights and obligations attaching to, the Convertible Notes. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Investor or the Company. The Note Deed contains other terms not summarised below which are customary for an agreement of that nature, including (without limitation) with respect to representations, warranties, covenants and undertakings of the Company.

Maturity Date	The last Business Day of a period of 24 months from the date of the issue of the Convertible Notes (being 3 September 2021).
Aggregate face value	US\$2,000,000 (approximately A\$2,947,244) ⁷
Conditions precedent	<p>The issue of the Convertible Notes are subject to the following conditions precedent being satisfied or waived:</p> <ol style="list-style-type: none"> 1 The Company confirming in writing that there are no Events of Default (as that term is defined below). 2 The Company providing satisfactory evidence that the Company has sufficient capacity under the ASX Listing Rules to issue the Convertible Notes and all Shares on conversion of the Convertible Notes without shareholder approval. 3 Written notification by the Company that it intends to draw down the Convertible Notes. 4 The Company provided a duly executed copy of the Note Deed, General Security Deed and other ancillary documents (Finance Documents), in registrable form together with all taxes payable (as applicable). 5 Approval from the Investor's investment committee to the Finance Documents and the transactions contemplated by them. 6 The Investor being satisfied with the results of all searches and enquiries regarding the Company and its property the subject of the General Security Deed.

⁶ Refer to the Company's Appendix 3B included within this cleansing notice for further details of the Company's current share capital and placement capacity.

⁷ Using a AUD/USD exchange rate on 4 September 2019, being AUD 0.6786/USD.

	<p>7 All necessary forms and documents being properly executed and in registrable form to effect the release and discharge of any security interest (other than permitted security interests).</p> <p>8 The Company having provided satisfactory evidence that the terms of the Note Deed are satisfactory to the ASX.</p> <p>9 The Company having provided satisfactory evidence that all costs and expenses payable by the Company to the Investor in connection with the Finance Documents have been paid.</p> <p>As at the date of this Cleansing Notice, the above conditions precedent have all been satisfied and the Convertible Notes have been issued.</p>
Use of proceeds	The proceeds of the subscription for the Convertible Notes must only be used for an Approved Purpose.
Interest	<p>12% per annum on the outstanding aggregate face value of the Convertible Notes, payable in advance on each of the date of issue of the Convertible Notes and on the first anniversary of the issue of the Convertible Notes.</p> <p>Interest accrues on any overdue amounts at the rate of 15% per annum.</p>
Repayment of principal	<p>The Company must make 23 equal monthly payments of US\$86,957 as redemption of an equal number of Convertible Notes, commencing one month following the issue of the Convertible Notes. The Company may elect to redeem the aggregate of the remaining Convertible Notes at any time before the Maturity Date.</p> <p>The Company may also elect to make a repayment by converting a number of Convertible Notes equal to the repayment into Shares using a conversion price which is the lower of:</p> <p>(a) the amount of A\$ equal to 80% of the arithmetic average of the 3 lowest VWAPs on the 20 trading days occurring before the date that is 5 trading days before the relevant due date for payment; and</p> <p>(b) the Conversion Price calculated using the formula below.</p>
Security	<p>The debts and monetary liabilities of the Company owed to the Investor in respect of the Note Deed (including amounts payable in respect of the Convertible Notes) are secured pursuant to the terms of the General Security Deed.</p> <p>The payment obligations under the Finance Documents rank in priority to all other secured and unsecured an unsubordinated obligations of the Company. The Investor has a security interest over all present and after-acquired property of the Company.</p>

	The General Security Deed includes terms which are otherwise customary for an agreement of that nature.
Conversion	<p>At any time during the period commencing 90 days after the date of issue of the Convertible Notes and ending on the Maturity Date, the Investor may elect to convert some or all of the Convertible Notes by giving a conversion notice to the Company. The Company must convert such amounts within 2 business days of the receipt of a conversion notice by issuing a number of Shares equal to the Australian dollar equivalent of the amount being converted (at the prevailing spot rate in the Sydney foreign exchange market) divided by the relevant Conversion Price (described below).</p> <p>The Company may, by written notice to the Investor, elect to convert any payment of principal or interest at the Conversion Price, unless an event of default has occurred and is continuing.</p>
Conversion Price	<p>The conversion price will be the lessor of:</p> <ul style="list-style-type: none"> • A\$0.25; and • the higher of: <ul style="list-style-type: none"> ○ an amount in A\$ equal to 90% of the arithmetic average of the 3 volume weighted average price of Shares traded on the ASX (VWAPs) selected by the Investor from the VWAPs applying on the 20 Trading Days before the relevant conversion date; and ○ a floor price of A\$0.0927 (Floor Price), or if an Adjustment Event occurs, the Adjusted Floor Price (as those terms are defined below). <p>If:</p> <p>(a) in any consecutive period of 10 trading days in which the VWAP on each trading day in that period is below the Floor Price; or</p> <p>(b) the Company issues Shares at less than the Floor Price,</p> <p>(each an Adjustment Event), then the Floor Price will be the price in A\$ equal to 90% of the average VWAP of the Shares for the period of 10 consecutive trading days ending on the day before the relevant conversion date (Adjusted Floor Price), provided, however that in such instance there will be a cap on the number of Shares into which the Convertible Notes may convert of 30,000,000.</p> <p>If the Company undertakes a reconstruction of its share capital (including a share consolidation, share division, declaration of a dividend, bonus issue or capital reduction) then the number of Shares into which a relevant amount may be converted must be reconstructed in the same manner so that the Investor is entitled to receive the same proportion of</p>

	<p>the Shares on issue had the reconstruction not occurred. The rights attaching to the Convertible Notes will also be changed to the extent necessary to comply with the ASX Listing Rules applying at the time.</p>
<p>Events of default</p>	<p>The Note Deed includes events of default which are customary for an agreement of that nature, including (but not limited to) the following:</p> <ol style="list-style-type: none"> 1 the ASX makes a determination that the terms of the Convertible Notes do not comply with the Listing Rules, including, for the avoidance of doubt, Listing Rule 6.1; 2 the Company fails to obtain the approval of its shareholders for any transaction under the Finance Documents, if required; 3 the Company has not issued any Shares to the Investor by the date it is required to so issue such Shares under this Deed; 4 the Company fails to pay any cash amount due under any Finance Document on its due date; and 5 failure by the Company to perform any other material obligation, covenant or undertaking under any Finance Document, excluding a payment default, and payment default, and, in relation to any rectifiable failure, within 14 days following notice by an Investor requiring rectification. <p>If an event of default occurs and is not remedied within the required time, the Investor may, by written notice to the Company, declare that all remaining principal and any other amounts accrued or outstanding will be immediately due and payable.</p>
<p>Shorting restrictions</p>	<p>While the Convertible Notes remain on issue, the Investor will not, and will cause its affiliates not to, engage in short sales of the Company's shares.</p>
<p>Voting rights</p>	<p>The Convertible Notes do not carry any voting rights. Shares issued on conversion of the Convertible Notes will carry voting rights equal to that of all other Shares on issue as at that time.</p>
<p>Indemnity</p>	<p>Under the General Security Deed, the Company provides an indemnity the Investor or any receiver or attorney appointed by or on behalf of the Investor, and their respective officers, employees and agents, on customary terms, including an indemnity against any loss arising as a result of or in connection with (among other things) the occurrence of an event of default.</p>
<p>Transferability</p>	<p>The Convertible Notes may only be transferred with the prior written consent of the Company.</p>

Governing law	Western Australia.
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6. Rights and Liabilities attaching to Shares issued under the Convertible Notes

The Shares to be issued to the Investor on the conversion of the Convertible Notes will rank equally in all respects with all of the Company's existing Shares. The rights attaching to Shares, including new Shares to be issued to the Investor on the conversion of the Convertible Notes, are set out in the Company's constitution, and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

General meetings	Each Shareholder has the right to receive notice of and to attend and vote at general meetings of the Company.
Voting	Each Share has one vote on a poll, and a holder of Shares has one vote on a show of hands.
Dividends	Dividends may be paid to Shareholders as declared by the Board at its discretion.
Rights on winding up	If the Company is wound up, the Shares attract the right to participate equally in the distribution of the surplus assets of the Company.
Further increase in share capital	The allotment and issue of any new Shares is under the control of the Directors. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Company's constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue securities as they shall, in their absolute discretion, determine.
Transfer of Shares	Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listings Rules.
Variation of rights	If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied with the consent in writing of the holders of 75% of the issued shares of that class or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.
Alteration of the Company's constitution	In accordance with the Corporations Act, the Company's constitution can only be amended by a special resolution passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution and who vote at the general meeting in person or by proxy. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. Compliance with disclosure obligations

The Company is a “disclosing entity” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market promptly and without delay any information which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the Company's annual financial report for the year ended 30 June 2018 (**2018 Annual Report**);
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by the Company to ASX after the lodgement of the 2018 Annual Report and before the lodgement of this Cleansing Notice with ASX is set out in the table below. The 2018 Financial Report and the documents set out in the table below will be provided, free of charge, to any person on request. Copies of these documents are also available copies of which are available from ASX's website, www.asx.com.au.

Date	Description of Announcement
30/08/2019	ABR Continues Discussions with Chinese SOEs
28/08/2019	ABR Confirms Conditions Precedents Have Been Satisfied
27/08/2019	ABR Signs Term Sheet for Fort Cady Borate Project Finance
23/08/2019	Trading Halt
30/07/2019	Appendix 3B - Unlisted Options
30/07/2019	Appendix 3B - Release of Shares from Escrow
26/07/2019	Quarterly Activities Report & Appendix 5B
11/07/2019	Restricted Securities to be Released from Escrow
04/07/2019	ABR Continues to Progress Fort Cady Borate Project

19/06/2019	Change of Director's Interest Notice x 2
19/06/2019	Section 708A Notice and Appendix 3B
14/06/2019	Results of General Meeting
04/06/2019	Corporate Presentation - 121 Mining Conference New York
13/05/2019	Notice of General Meeting
10/05/2019	Section 708A Notice and Appendix 3B
02/05/2019	ABR Completes A\$3.1m Placement
30/04/2019	Quarterly Activities Report & Appendix 5B
30/04/2019	Trading Halt
15/04/2019	Updated - ABR Completes Process Optimisation
12/04/2019	ABR Completes Process Optimisation
27/03/2019	Appendix 3B
12/03/2019	Section 708A Notice and Appendix 3B
22/02/2019	Half Yearly Accounts
04/02/2019	Corporate Presentation - February 2019
31/01/2019	ABR Delivers Low Capex Starter Project for Fort Cady
29/01/2019	Quarterly Activities Report & Appendix 5B
22/01/2019	ABR Enhancing Fort Cady Borate Project DFS
16/01/2019	ABR to Welcome Major Chinese State Owned Enterprise to Site
17/12/2018	ABR Delivers Exceptional DFS Results
03/12/2018	Upgraded JORC Compliant Mineral Resource Estimate
07/11/2018	Change of Director's Interest Notice x 5
06/11/2018	Section 708A Notice and Appendix 3B
02/11/2018	Results of Annual General Meeting
30/10/2018	Quarterly Activities Report & Appendix 5B
23/10/2018	Corporate Presentation - 121 Mining Conference - Hong Kong
09/10/2018	Magnetotelluric (MT) Survey completed on Salt Wells Projects
02/10/2018	Notice of Annual General Meeting
25/09/2018	ABR Fort Cady Borate Project Update

8. No excluded information

As at the date of this Cleansing Notice, the Company advises that it has complied with its

disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the Convertible Notes and Shares.

Signed for American Pacific Borate & Lithium Limited:

A handwritten signature in black ink, appearing to read 'A Bertolatti', with a stylized flourish underneath.

Aaron Bertolatti
Company Secretary
American Pacific Borate & Lithium Limited

ANNEXURE A: PRO FORMA STATEMENT OF CONSOLIDATED FINANCIAL POSITION

Impact on the Company's Financial Position

The pro-forma Consolidated Statement of Financial Position shown in the table below has been prepared on the following basis:

- The 30 June 2019 Consolidated Statement of Financial Position has been used as a base position to illustrate the impact of the issue of Convertible Notes.
- The issue of 2,000,000 Convertible Notes at a face value of US\$1 per Convertible Note raising a total of US\$2.0 million (before costs).
- The pro-forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian accounting standards. It has been prepared in accordance with the Company's normal accounting policies. The pro-forma financial information is not audited. The classification of the Convertible Notes liability may change in the future.

	Unaudited 30 June 2019 \$	Issue of Convertible Note \$	Pro-forma 30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents	2,893,663	2,947,244	5,840,907
Other receivables	62,086	-	62,086
Other assets	201,542	-	201,542
Total Current Assets	3,157,291	2,947,244	6,104,535
NON-CURRENT ASSETS			
Other receivables	517,025	-	517,025
Property, plant & equipment	768,177	-	768,177
Deferred exploration & evaluation expenditure	24,692,541	-	24,692,541
Total Non-Current Assets	25,977,743	-	25,977,743
TOTAL ASSETS	29,135,034	2,947,244	32,082,278
CURRENT LIABILITIES			
Trade and other payables	346,372	-	346,372
Total Current Liabilities	346,372	-	346,372
NON-CURRENT LIABILITIES			
Financial liability measured at amortised cost	-	1,061,219	1,061,219
Derivative financial instrument - at fair value	-	1,886,025	1,886,025
Total Non-Current Liabilities	-	2,947,244	2,947,244
TOTAL LIABILITIES	346,372	2,947,244	3,293,616
NET ASSETS	28,788,662	-	28,788,662
SHAREHOLDERS' EQUITY			
Issued Capital	31,961,550	-	31,961,550
Reserves	3,496,768	-	3,496,768
Accumulated losses	(6,669,656)	-	(6,669,656)
TOTAL EQUITY	28,788,662	-	28,788,662

* Using an AUD/USD exchange rate on 4 September 2019, being AUD 0.6786/USD

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

American Pacific Borate & Lithium Limited (**Company**)

ABN

68 615 606 114

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | 2,000,000 secured redeemable convertible notes with a face value of US\$1.00 each (Convertible Notes) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 2,000,000 Convertible Notes. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The Convertible Notes, which will not be quoted, have the following key terms: <ul style="list-style-type: none">• the Convertible Notes must be redeemed by the Company on or before 3 September 2021 (Maturity Date);• interest is payable on the aggregate face value of the Convertible Notes at the rate of 12% per annum, payable annually in advance, with the first interest payment due on the date of issue;• the Convertible Notes are convertible into fully paid ordinary shares in the Company (Shares) at the election of the holder at any time commencing 90 days after the issue of |

+ See chapter 19 for defined terms.

the Convertible Notes up to and including the Maturity Date, with the number of Shares to be issued calculated by dividing the Australian dollar equivalent of the relevant conversion amount (using the prevailing exchange rate) by the relevant conversion price (**Conversion Price**), which will be the lesser of:

- (a) A\$0.25 per share; and
- (b) the higher of (i) an amount equal to 90% of the arithmetic average of the 3 volume weighted average prices (**VWAPs**) selected by the Investor from the VWAPs applying on the 20 trading days before the relevant conversion date; and (ii) A\$0.0927 (or if any consecutive period of 10 trading days in which the VWAP on each trading day in that period is below A\$0.0927, or the Company issues Shares at a price below A\$0.0927, a price equal to 90% of the average VWAP of the Shares in the 10 consecutive trading days up to and including the day before the conversion date),

subject to adjustment in the event of any share consolidation, share division, dividend, bonus issue or capital reduction by the Company;

- the Company will equal make monthly repayments in US dollars (and a requisite number of Convertible Notes will be redeemed), and any such payment may be satisfied, at the Company's election, by an issue of Shares at an issue price which is the lower of:
 - (a) the Conversion Price (calculated using the date that is 5 trading days before the due date for the relevant payment (**Issue Date**)); or
 - (b) an amount equal to 80% of the arithmetic average of the 3 lowest VWAPs on the 20 trading days before the Issue Date; and
- the Company may elect to redeem the Convertible Notes in whole before the Maturity Date by repaying the outstanding principal.

Refer to the above cleansing notice for a detailed summary of the terms of the Convertible Notes.

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No, the Convertible Notes will not be quoted or rank equally with any class of quoted securities. However, Shares issued on conversion of the Convertible Notes will be quoted. Under the terms of issue of the Convertible Notes, those Shares will rank equally with all other Shares then on issue.</p> <p>The Convertible Notes do not carry a right to participate in any dividends.</p> <p>The Convertible Notes do not carry any voting rights or rights to participate in new issues of capital.</p>
<p>5 Issue price or consideration</p>	<p>US\$2,000,000 (approximately A\$2,947,244 at the AUD/USD exchange rate of AUD 0.6786/USD as at 4 September 2019.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Funds will be used to progress construction related engineering activities for the Company's Fort Cady Borate Project, including funding long lead items for construction, working capital to finalise permits, and general working capital.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>2 November 2018</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>2,000,000 Convertible Notes</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A					
6f	Number of securities issued under an exception in rule 7.2	N/A					
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A					
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A					
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 1,093,834 7.1A – 20,829,222					
7	Issue Date Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	5 September 2019					
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="686 1500 989 1545">Number</th> <th data-bbox="989 1500 1300 1545">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1545 989 1677">208,442,224</td> <td data-bbox="989 1545 1300 1677">Ordinary Fully Paid Shares</td> </tr> </tbody> </table>	Number	+Class	208,442,224	Ordinary Fully Paid Shares	
Number	+Class						
208,442,224	Ordinary Fully Paid Shares						

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	7,000,000	Unlisted Options (\$0.20, 30 Nov 2021)
	1,000,000	Unlisted Options (\$0.30, 30 Nov 2021)
	500,000	Unlisted Options (\$0.30, 31 Aug 2020)
	6,500,000	Unlisted Options (\$0.30, 31 May 2022)
	1,100,000	Unlisted Options (\$0.60, 30 Jun 2022)
	1,750,000	Unlisted Options (\$0.40, 30 Apr 2021)
	15,611,111	Unlisted Options (\$0.25, 10 Aug 2020)
	10,000,000	Unlisted Options (\$0.50, 5 Nov 2022)
	2,500,000	Unlisted Options (\$0.50, 30 Jul 2024)
	2,000,0000	Convertible Notes with a face value of US\$1.00 each and a maturity date of 3 September 2021.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	N/A
12 Is the issue renounceable or non-renounceable?	N/A
13 Ratio in which the +securities will be offered	N/A
14 +Class of +securities to which the offer relates	N/A
15 +Record date to determine entitlements	N/A
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A

+ See chapter 19 for defined terms.

	applicable)	<input type="text"/>
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

39 Class of +securities for which
 quotation is sought

40 Do the +securities rank equally in
 all respects from the date of
 allotment with an existing +class
 of quoted +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next
 dividend, (in the case of a
 trust, distribution) or interest
 payment
- the extent to which they do
 not rank equally, other than in
 relation to the next dividend,
 distribution or interest
 payment

41 Reason for request for quotation
 now

Example: In the case of restricted securities, end
 of restriction period

(if issued upon conversion of
 another security, clearly identify
 that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 

(Company Secretary)

Date: 5 September 2019

Print name: Aaron Bertolatti

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	190,070,002
Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; justify-content: space-between;"> 1,000,000 – 5 November 2018 </div> <div style="display: flex; justify-content: space-between;"> 15,277,778 – 9 May 2019 </div> <div style="display: flex; justify-content: space-between;"> 1,944,444 – 19 June 2019 </div> </div>
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	-
“A”	208,292,224

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	31,243,834
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>150,000 Shares – 12 March 2019 2,000,000 Convertible Notes (convertible into up to 30,000,000 Shares) – 5 September 2019</p>
“C”	30,150,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15 <i>Note: number must be same as shown in Step 2</i></p>	31,243,834
<p>Subtract “C” <i>Note: number must be same as shown in Step 3</i></p>	150,000
Total [“A” x 0.15] – “C”	1,093,834

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	208,292,224
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	20,829,222
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	-
“E”	-

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
<p>"A" x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	<p>20,829,222</p>
<p>Subtract "E"</p> <p><i>Note: number must be same as shown in Step 3</i></p>	<p>-</p>
<p>Total ["A" x 0.10] – "E"</p>	<p>20,829,222</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

+ See chapter 19 for defined terms.